

MARYLAND ALTERNATIVE FUEL VEHICLE INCENTIVES AND LAWS



Maryland is the proud home of the Baltimore Clean Cities Coalition.

Overview

Maryland has made a commitment to alternative fuel vehicles (AFVs) in the state, and has several tax incentives to encourage the use of AFVs. State income tax credits are available for the costs of purchasing or converting vehicles to alternative fuels. Refueling and recharging equipment for AFVs are exempt from property tax. Electric vehicles (EVs) are exempt from the motor fuels tax, and the conversion costs for clean fuel vehicles are exempt from sales tax. Several utilities in Maryland are active in promoting AFVs, and Potomac Electric Power Company has a special rate for off-peak charging of EVs.

Highlights

\$ \$800 to \$2,000 state tax credit for AFVs

State Incentives

\$ Senate Bill 648 allows for corporations and individuals to claim a credit against the state income tax by purchasing AFVs. This credit is based on the equivalent Federal credits and deductions defined in the Energy Policy Act of 1992 (EPACT). AFVs with a gross vehicle weight of less than 26,000 lbs. are eligible for the credit. The credit is determined by taking a percentage of the Federal credit or deduction for each applicable weight class. The available credits are shown below:

<u>Vehicle Weight</u>	<u>Federal Tax</u>	<u>Percentage</u>	<u>MD Tax Credit</u>
0 to 5,000 lbs.	\$2,000 deduction	40%	\$800
5,000 to 10,000 lbs.	\$2,000 deduction	80%	\$1,600
10,000 to 26,000 lbs.	\$5,000 deduction	40%	\$2,000
Electric vehicles	\$4,000 credit	40%	\$1,600

Under this law, a credit cannot be claimed by alternative fuel providers. In addition, a credit cannot be claimed unless the individual or corporation has already met or exceeded any federal or state purchasing requirements, such as those under the Clean Air Act Amendments (CAAA) or EPACT. The credit is applicable for one tax year, and may not be carried to other years. The credit is active for AFV property placed in service between July 1, 1995 and July 1, 1998. For more information, contact the Maryland Energy Administration at (800) 72-ENERGY and speak with either: Dale Baxter, Assistant Director; Charles Miller, Grants and Funding; or Diane Gerlowski, AFV Inquiries.

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Utility/Private Incentives

Baltimore Gas and Electric Company (BGE) has 8 compressed natural gas (CNG) refueling sites in Maryland available to the public. Through a partnership with the State of Maryland, BGE funded, constructed, and will maintain a \$335,000 CNG refueling station at the Baltimore State Office Complex. BGE offers advisory services and in the past has offered a 2 for 1 conversion incentive to fleets. For more information, contact John Kelly, Energy Services, at (410) 265-4522.

Columbia Gas of Maryland, Inc. is currently opening one new natural gas vehicle (NGV) fueling station per week as part of a 1994 Five-Year Infrastructure Plan, which, by the end of 1995, will result in approximately 75 operational NGV fueling stations in its 5-state service territory. The area serviced includes Hagerstown. Customers are provided pre-installation/conversion fleet and fueling analysis, extensive engineering assistance, a comprehensive training program, as well as temporary fueling facilities. For additional information, contact the NGV Hotline at (800) 866-4GAS extension 54, or Bob Crouse at (717) 843-8638, or Mike Huwar at (412) 572-7121.

The National Ethanol Vehicle Coalition (NEVC) is part of a joint public/private partnership to promote 85% ethanol (E85) as an alternative transportation fuel. Through a pilot grant from the U.S. Department of Energy, NEVC provides forgivable loans for the installation of public E85 refueling facilities. For additional information, contact Phil Lambert at (314) 635-8445.

Potomac Electric Power Company (PEPCO) has experimental EV time of use rates of 0.775¢/kilowatt hour (kWh) in the summer and 0.622¢/kWh in the winter. A \$3.10/month customer charge is required for these rates. The EV rates are only available between 8 p.m. and 8 a.m. PEPCO will install a dedicated meter to measure electricity used to charge EVs. For additional information, contact Brad Johnson at (202) 872-3561.

Washington Gas provides a number of incentives to encourage the use of NGVs, including joint efforts with Federal, state, and local governments as well as commercial fleets, to build CNG fueling stations. In addition, the utility offers a customer service program which provides technical expertise and driver and technician training. For additional information, contact Steve Clausman at (703) 750-5957.

Laws & Regulations

Chapter 603 of Maryland law, enacted on May 27, 1993, exempts from the sales and use tax the sale of machinery and equipment that is intended for installation in an existing gasoline or diesel fuel-powered motor vehicle to convert the motor vehicle that is propelled by a clean-burning fuel or intended for use at a refueling station as specified. This law expires on June 30, 1999.

On May 11, 1993, Chapter 269 of Maryland law was enacted to exempt from property tax machinery or equipment used to dispense into motor vehicles clean fuels that meet the standards of the Federal Clean Air Act. It also provides for the phasing-in of the applicability of the property tax to the refueling equipment or machinery beginning in taxable year 1998. The Act applies to all taxable years beginning after June 30, 1994.

Chapter 270 of Maryland law, which was enacted on May 11, 1993, alters the rate of the motor fuel tax for alternative fuels, as defined under EPACK, from 24.25¢/gallon to 23.5¢/gasoline gallon equivalent (gge). The legislation defines "alternative fuel" for the purposes of the fuel tax law to mean an alternative fuel as defined in EPACK.

In 1992, legislation was enacted that defines "gas company" and does not include companies that sell, supply, or distribute CNG for use in motor vehicles. The law also removes sale of CNG for use as a motor vehicle fuel from the regulation of the state Public Service Commission.

A 1993 Executive Order requires that 20% to 25% of new state fleet purchases be powered by alternative fuels.

The Maryland Department of Environmental Protection will adopt the California Low Emission Vehicle (LEV) program by the 2000 model year.

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Points of Contact

Baltimore Clean Cities Coordinators

George L. Winfield (410) 396-9522
City of Baltimore

W. Dale Baxter (800) 723-6374
Maryland Energy Administration

Washington, D.C. Clean Cities Coordinator

George Nichols (202) 962-3355
Metropolitan Council of Governments

Maryland Energy Administration

Charles Miller (410) 974-2190
Diane Gerlowski (800) 72-ENERGY

Baltimore Gas and Electric Company

John Kelly (410) 265-4522

Columbia Gas of Maryland, Inc.

NGV Hotline (800) 866-4GAS extension 54
Bob Crouse (717) 843-8638
Mike Huwar (412) 572-7121

National Ethanol Vehicle Coalition

Phil Lambert (314) 635-8445

Potomac Electric Power Company

Brad Johnson (202) 872-3561

Washington Gas

Steve Clausman (703) 750-5957

Metropolitan Planning Organizations

Baltimore Regional Council of Governments

Harvey Bloom (410) 333-1750

Maryland State Transportation Contact

Department of Transportation
Fred Rappe (410) 859-7943

Maryland State Energy Office

Donald Milsten (410) 974-2511
Maryland Energy Administration

U.S. Department of Energy

Regional Support Office

Philadelphia Regional Support Office
James Ferguson (215) 656-6977

U.S. Department of Transportation Contacts

Federal Highway Administration

Region 3
Mario Jorquera (410) 962-3744

Federal Transit Administration

Region 3
John Garrity, Jr. (215) 656-6900

General Services Administration

Regional Fleet Managers

Region 3
Wayne Weaver (215) 656-3803

Region 11
(National Capitol Region)
John Smith (202) 755-0292

U.S. Environmental Protection Agency

Regional Pollution Prevention Coordinators

Region 3
Cathy Libertz (215) 597-0765
Jeff Burke (215) 597-8327